

11 July 1951

COMMENTS ON NIE-34: "Spain's Position in the East-West Conflict" (Working Draft)Conclusions:

1. This office concurs; however, it might be pointed out that the value of Spain as a "defensible" redoubt would require long-range planning and a considerable capital outlay, whereas its value as a "base of operations" would be more immediate.
2. It will not be "impossible" to obtain base rights, but it will be difficult to reach an agreement on what would constitute a "reasonable" amount of aid.
3. No comment.
4. This office concurs; although, mismanagement and waste on a national scale are also due to the unrealistic policies of Minister of Industry and Commerce Suances' special brand of controlled economy. As to "guidance", Franco does not seem adverse to US financial and technical advice, as such.
5. We take very strong exception to the statement that "the major allies of the US will not protest strongly against a US-Spanish agreement on base rights." Furthermore, Spain will not grant base rights to the US unless extensive US economic and military aid are promised in return.

Discussion:

1. We concur. The Pyrenees, however, as a natural barrier between France and Spain, have never been an insurmountable obstacle to an invader. Portugal--already a NATO member--occupies a sizeable coastal portion (line 10) of the Iberian Peninsula and was successfully used by the Duke of Wellington as a spring-board for his campaign that drove Napoleon's armies from the peninsula in 1813.
2. Please refer to our comments on Appendices "A" and "B".
3. Please refer to our comments on Appendix "A".
4. It seems obvious that the Spanish Government "can" (line 1) grant the US the use of some of the bases mentioned, and we agree that it probably will. It would probably not be willing to allow the US to operate any of them, however. Cement could be made available for immediate use, but at the expense of the hydro-electric power plant and wheat elevator construction programs.
5. We concur that it would not be necessary for the US to rehabilitate the entire Spanish economy. But Franco has reportedly expressed his intention to insist on this prerequisite.
6. No comment; except -- would it not be helpful to the reader perhaps, if a definite approximate figure were given in estimating the cost of Spanish economic and military rehabilitation? Roughly, in the neighborhood of two billion dollars?

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7. No comment.

8. No comment.

9. General concurrence; but whether this stability will last depends to a large degree on the actual capabilities of the non-communist opposition within Spain, which threatens to sabotage and generally disrupt any Spanish defense effort unless Franco and his regime are eliminated, and on Franco's ability to control its activities. Continuation of present chaotic economic conditions in Spain either through sabotage or insufficient foreign aid could eventually threaten the survival of the Franco regime. Although a sabotage campaign could be effectively controlled by the Spanish army and security forces at this time, it would represent a serious threat in the event of war. Also, one of Franco's most useful arguments for holding in check industrialists and generals who now support him, but are concerned about Spain's deteriorating economic situation, has been his assurances that US financial aid will eventually be forthcoming.

10. No comment; however, it is open to question whether Franco is not able to command the services of administrators who are known to be capable. There are many apparent reasons—chiefly political—why he refuses. Franco, also evinces not only a lack of economic knowledge, but a stubborn unwillingness to submit to just criticism of his government.

11. No comment.

12. No comment.

13. We cannot concur with the substance of the first three sentences in this section. If anything, the hostility to Franco among the peoples and governments of Europe which perhaps had been slowly "submerged in other and more pressing concerns" has been reawakened by the whole issue of Spain's incorporation into the framework of western defense. (Please refer to our comments under the heading "Conclusions", Section 5.)

14. We believe that it would be rash to express any optimism about a future complete rapprochement between the European members of NATO (except Portugal) and Spain so long as Franco and his falangist regime remain in power.

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